

## Are Your Health Care Costs Too HIGH?

As contracts are made for employee health benefits, many are finding costs increased this year to the point that employers feel they cannot offer benefits unless employees pay more of these costs.<sup>1-5</sup> Employees of small businesses now find themselves among the uninsured (5000 employees in 500 firms in Dane County, 2,500 employees in 380 firms in Green and Jefferson County).<sup>6</sup> The uninsured are two to three times less likely to seek care for serious symptoms, such as a mass in the breast, blurred vision, and chest pain, four times as likely to postpone needed care and are hospitalized 50% more for avoidable hospital conditions compared to those with insurance.<sup>7-8</sup>

Health care costs in Milwaukee are 55% higher than in other Midwestern cities, in part because of higher fees charged by physicians and hospitals.<sup>3</sup> Proposals to resolve inequitable Medicare payments to hospitals in other states as well as deal with prescription drug costs are being considered at both the state and national level. As these proposals are considered, how can we reduce other costs, such as routine office visits?

### Are you allowed to choose your health care provider?

Often for routine office visits people can choose to see an Advanced Practice Nurse (APN). APNs include certified nurse midwives (CNMs), nurse practitioners (NPs), clinical nurse specialists (CNSs) and certified registered nurse anesthetists (CRNAs). These masters prepared and nationally certified nurses can provide 80-90% of care in office visits with equal or better quality compared to physicians, as demonstrated in numerous studies over the last 20 years.<sup>9-14</sup> The lower costs associated with nurse-midwifery care are due to:

- lower rates of technological intervention
- shorter lengths of stay in hospitals
- lower payroll costs for staff model HMOs<sup>15-24</sup>

Nurse practitioners and clinical nurse specialists provide added value related to more effective health maintenance and case management, prescribing less costly antibiotics and reducing hospital costs.<sup>25-30</sup> The comparative overhead costs are shown below.<sup>31</sup>

	Physician	PA	NP	OB	CNM
Salary	\$180,000	\$73,600	\$72,000	\$275,000	\$ 80,000
Malpractice	7,000	700	900	25,000	25,000
TOTAL	\$187,000	\$74,300	\$72,900	\$300,000	\$125,000

For a clinic with 10 providers:

- 1) 10 physicians = \$1,870,000
- 2) 4 physicians + 6 PAs = \$1, 193,800 (\$676,200 savings in 1 clinic; \$695,963,500 across state)

- 3) 2 physicians + 8 NPs = \$951,200 (\$918,800 savings over #1; \$242,600 savings over #2 per 1 clinic; \$904, 696,800 across state cf #1; \$208, 733,300 across state cf #2 )

### Too many physicians?

We have had a higher growth in number of physicians 1989-98 than the national average.<sup>32</sup> Taxes in WI rank 3<sup>rd</sup> highest in the country,<sup>33</sup> in part because benefits for state and municipal employees include inflated health care costs resulting from a staff mix overly dominated by physicians.

To reduce costs we recommend that APNs, be included in health plan provider panels, so employees can choose the more cost effective, high quality health care. No one is suggesting that health care be done without physicians, we all acknowledge that the best quality care is a team effort. However, identifying the contributions nurses make is key in recruiting the best and brightest to a profession that offers them a myriad of options for professional growth, while making critical contributions to cost-effective, high quality health care.<sup>34</sup>

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